

TITLE: Bulga's David toppled coal industry Goliath

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NOBODY could have predicted that the might of Rio Tinto would be challenged by Bulga, a tiny NSW town of 300. Certainly, nobody could have predicted that Bulga would win. But when the Land and Environment Court overturned the NSW government's approval for the expansion of Rio Tinto's Warkworth coal mine, citing that the project's "significant and unacceptable" costs did not outweigh the alleged benefits, it told onlookers that just because a mining company tells you something, doesn't mean it's true.

Like Bulga, the community of Cullen Bullen wants a second opinion. Coalpac is currently seeking approval to expand and consolidate its existing Cullen Valley mine and Invincible Colliery operation. Its environmental assessment of the project estimates the expansion would net \$1.5 billion in benefits over the course of the mine's 21 year lifespan. In addition to the 90 workers currently employed, the expansion would create new jobs for 30 miners, as well as short-term construction jobs.

Critics have raised concerns about the impacts of the expansion on the community's health, the environment, and other industries in the region. Coalpac says these concerns have been taken into consideration by their modeling, and believes that taking into account the costs of environmental sustainability measures, community investment and health impact mitigation, the project can still operate as a net benefit for the region.

Coalpac's claims, like those of Rio Tinto, don't add up.

The independent NSW Planning Assessment Commission reviewed Coalpac's environmental assessment and found that it "appears to grossly overstate the real financial benefits." For example, the \$519 million figure consistently touted in Coalpac's report was arrived at by assuming that there would be no fluctuations in the world market price of coal in the next 21 years. If the global coal price fell by just 20 percent from the benchmark Coalpac calculated it at, the net benefits of the expansion would fall by 42 percent to \$881 million over the life of the mine. In addition, Coalpac is already bound by contractual agreement to a long-term price for its coal around 30 percent lower than current market value.

The Commission found nearly 70 percent of the coal extracted by the proposed expansion would be of such low quality that it could not be exported. Even if it were somehow able to be, overseas buyers would not pay anywhere near export parity price for it.

Coalpac claims that if their expansion does not get approval, electricity prices for families will jump 13 percent. The Commission rejected this assertion.

The coal from the Cullen mine will fuel Mount Piper Power Station, which at peak capacity could only supply approximately 7.5 percent of NSW's energy needs.

The Commission found no evidence of a relationship between the retail price of electricity and the change in supply to a single NSW power station. In fact, it found that contrary to Coalpac's claims, there is a trend across Australia, but particularly evident in NSW, toward declining electricity consumption.

As there is no reason to suggest this trend will reverse any time soon, electricity prices are more likely to fall, regardless of what Coalpac does. Coalpac's 13 percent figure can only be arrived at by making a series of enormous assumptions, and as the PAC concluded, "none of these scenarios are plausible."

The Blue Mountains Conservation Society, in conjunction with the Colong Foundation for Wilderness, has proposed a nature-based tourism and recreation plan for the Garden of Stones area. Some of the land they have requested be set aside overlaps with land within Coalpac's project boundaries. The miner has suggested that if the government wants both projects to move ahead, it should reduce the Garden of Stone's boundaries so as to not include any land Coalpac seeks to cultivate.

Although their environmental assessment offers no analysis of the impact the coal expansion would have on the Garden of Stones project, environmentalists suggest that the tourism plan, estimated to be worth \$28 to \$38 million to the local community, cannot survive if the Coalpac mine goes ahead.

If Bulga's victory has taught us anything, it's that mining companies aren't bulletproof. Communities can challenge miners on their claims – Warkworth's example suggests they would be wise to do so. Coalpac may be hoping they don't.

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